

An Act

ENROLLED SENATE
BILL NO. 527

By: Stanislawski of the Senate

and

McDaniel of the House

An Act relating to public retirement systems; amending 62 O.S. 2011, Section 3103, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; amending 70 O.S. 2011, Section 17-116.2B, which relates to retirement benefit computations for certain employees of The Oklahoma State System of Higher Education; authorizing purchase of incentive credit; imposing requirements; providing for authorized use of incentive credit; imposing requirement for payment of certain amount pursuant to actuarial cost computations; amending 47 O.S. 2011, Section 2-305, as last amended by Section 1, Chapter 49, O.S.L. 2017 (47 O.S. Supp. 2017, Section 2-305), which relates to retirement pay and disability benefits; modifying calculation of certain disability benefits; amending 74 O.S. 2011, Section 913.4, as last amended by Section 2, Chapter 94, O.S.L. 2017 (74 O.S. Supp. 2017, Section 913.4), which relates to the Oklahoma Public Employees Retirement System; providing for membership by certain elected or appointed officials in defined benefit plan; and providing effective dates.

SUBJECT: Retirement Systems

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 2011, Section 3103, is amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation Actuarial Analysis Act:

1. "Amendment" means any amendment, including a substitute bill, made to a retirement bill by any committee of the House or Senate, any conference committee of the House or Senate or by the House or Senate;

2. "RB number" means that number preceded by the letters "RB" assigned to a retirement bill by the respective staffs of the Oklahoma State Senate and the Oklahoma House of Representatives when the respective staff office prepares a retirement bill for a member of the Legislature;

3. "Legislative Actuary" means the firm or entity that enters into a contract with the Legislative Service Bureau pursuant to Section 452.15 of Title 74 of the Oklahoma Statutes to provide the actuarial services and other duties provided for in the Oklahoma Pension Legislation Actuarial Analysis Act;

4. "Nonfiscal amendment" means an amendment to a retirement bill having a fiscal impact, which amendment does not change any factor of an actuarial investigation specified in subsection A of Section 3109 of this title;

5. "Nonfiscal retirement bill" means a retirement bill:

a. which does not affect the cost or funding factors of a retirement system, ~~or a retirement bill~~

b. which affects such factors only in a manner which does not:

~~a.~~ (1) grant a benefit increase under the retirement system affected by the bill,

~~b.~~ (2) create an actuarial accrued liability for or increase the actuarial accrued liability of the retirement system affected by the bill, or

- ~~e.~~ (3) increase the normal cost of the retirement system affected by the bill ~~except as otherwise provided by subparagraph a of this paragraph, or~~
- c. which authorizes the purchase by an active member of the retirement system, at the actuarial cost for the purchase as computed pursuant to the statute in effect on the effective date of the measure allowing such purchase, of years of service for purposes of reaching a normal retirement date in the applicable retirement system, but which cannot be used in order to compute the number of years of service for purposes of computing the retirement benefit for the member, or
- d. which provides for the computation of a service-connected disability retirement benefit for members of the Oklahoma Law Enforcement Retirement System pursuant to Section 2-305 of Title 47 of the Oklahoma Statutes if the members were unable to complete twenty (20) years of service as a result of the disability, or
- e. which requires membership in the defined benefit plan authorized by Section 901 et seq. of Title 74 of the Oklahoma Statutes for persons whose first elected or appointed service occurs on or after November 1, 2018, if such persons had any prior service in the Oklahoma Public Employees Retirement System prior to November 1, 2015.

A nonfiscal retirement bill shall include any retirement bill that has as its sole purpose the appropriation or distribution or redistribution of monies in some manner to a retirement system for purposes of reducing the unfunded liability of such system or the earmarking of a portion of the revenue from a tax to a retirement system or increasing the percentage of the revenue earmarked from a tax to a retirement system-;

6. "Reduction-in-cost amendment" means an amendment to a retirement bill having a fiscal impact which reduces the cost of the bill as such cost is determined by the actuarial investigation for the bill prepared pursuant to Section 3109 of this title;

7. "Retirement bill" means any bill or joint resolution introduced or any bill or joint resolution amended by a member of the Oklahoma Legislature which creates or amends any law directly affecting a retirement system. A retirement bill shall not mean a bill or resolution that impacts the revenue of any state tax in which a portion of the revenue generated from such tax is earmarked for the benefit of a retirement system;

8. "Retirement bill having a fiscal impact" means any retirement bill creating or establishing a retirement system and any other retirement bill other than a nonfiscal retirement bill; and

9. "Retirement system" means the Teachers' Retirement System of Oklahoma, the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Oklahoma Law Enforcement Retirement System, or a retirement system established after January 1, 2006.

SECTION 2. AMENDATORY 70 O.S. 2011, Section 17-116.2B, is amended to read as follows:

Section 17-116.2B. A. Beginning July 1, 2004, a member who has any creditable service as an employee of an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1995, who retires on or after the member's normal retirement age or whose retirement is because of disability shall receive an annual allowance for life, payable monthly, as follows:

1. If the member becomes a member after June 30, 1995, and was not eligible to become a member prior to July 1, 1995, in an amount equal to two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service;

2. If the member became a member or is eligible to become a member prior to July 1, 1995, and elected to have a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00) pursuant to paragraph 1 of subsection C of Section 17-116.2 of this title or pursuant to subsection E of Section 17-116.2

of this title, or if the member's salary never exceeded Twenty-five Thousand Dollars (\$25,000.00) prior to July 1, 1995, in an amount equal to:

- a. two percent (2%) of the member's average salary upon which member contributions were made, not to exceed Forty Thousand Dollars (\$40,000.00), multiplied by the number of the member's years of creditable service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus
- b. two percent (2%) of the average of the member's maximum compensation level upon which member contributions were made for those years between July 1, 1995, and June 30, 2007, in which the member's regular annual compensation meets or exceeds the maximum compensation level in effect for the member for the period July 1, 1995, through June 30, 2007, multiplied by the number of the member's years of creditable service for the period July 1, 1995, through June 30, 2007, in which the member's regular annual compensation meets or exceeds the maximum compensation in effect for the member for the period July 1, 1995, through June 30, 2007, plus
- c. two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service authorized and performed for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1995, but not later than June 30, 2007, plus
- d. two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service in which contributions were made that did not meet or exceed the member's maximum compensation level in effect for the member for the period July 1, 1995,

through June 30, 2007, and the number of the member's years of creditable service authorized and performed after June 30, 2007;

3. If the member became a member or is eligible to become a member prior to July 1, 1995, and was eligible to elect to have a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00) and did not elect or elected not to have a maximum compensation level of Forty Thousand Dollars (\$40,000.00) pursuant to paragraph 1 of subsection C of Section 17-116.2 of this title or pursuant to subsection E of Section 17-116.2 of this title, in an amount equal to:

- a. two percent (2%) of the member's average salary upon which member contributions were made, not to exceed Twenty-five Thousand Dollars (\$25,000.00), multiplied by the number of the member's years of creditable service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus
- b. two percent (2%) of the average of the member's maximum compensation level upon which member contributions were made for those years of service between July 1, 1995, and June 30, 2007, in which the member's regular annual compensation meets or exceeds the maximum compensation level in effect for the member for the period July 1, 1995, through June 30, 2007, multiplied by the number of the member's years of creditable service for the period July 1, 1995, through June 30, 2007, in which the member's regular annual compensation meets or exceeds the maximum compensation in effect for the member for the period July 1, 1995, through June 30, 2007, plus
- c. two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service authorized and performed for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or

